

## Funding Workshop Q & A Sheet

This list is meant to serve as a guideline to initial surcharge application. Consultation with county counsel is recommended.

- Q. If the legislation hasn't passed yet, why should we begin this process?
- A. As they are currently written, once SB 410 and 411 are passed there will be a small window of time for the counties to get their applications to the MPSC for approval for the new surcharges. Taking action at this time will enable the counties to be prepared when necessary. Upon passage of the bills, an MPSC case number will be opened and the counties will be notified that they can complete the application process. Applications for pre-review will be accepted prior to the bills being enacted.
- Q. What happens if something changes between now and bills completing the legislative process?
- A. The State 9-1-1 Office will keep all County 9-1-1 Coordinators informed as to the status of legislation. Michigan Association of Counties will also provide relevant information that needs to reach counties.
- Q. How does the new local surcharge work?
- A. It applies to all devices that can access 9-1-1. The surcharge will be applied monthly to all devices that can access 9-1-1. It is paid to the counties quarterly. It is not based on a percentage of a base service rate, but rather what is needed to operate and maintain the 9-1-1 system. The communications providers can retain 2% for billing and collection.
- Q. How does the new state 9-1-1 surcharge work?
- A. The statewide 9-1-1 surcharge will be applied monthly to all devices by communications provider and remitted to the state treasury. The counties will receive a distribution based on 82.5% of the surcharge received by the state. The counties' distributions will be paid quarterly on 60% per capita and 40% equally to all counties (as is currently done under the wireless distributions).
- Q. How does prepaid surcharge work?
- A. Statewide (19¢) 9-1-1 surcharge + the average of local (weighted by population) 9-1-1 surcharges = monthly prepaid surcharge. That amount, less 2% (for billing and collection) is remitted to Treasury and distributed under the same formula as the statewide surcharge.

### Example:

County A has a population of 15,000 with local surcharge of \$1.00  
County B has a population of 100,000 with local surcharge of \$0.75  
County C has a population of 500,000 with local surcharge of \$0.55

Weighted average =	\$0.60
Statewide monthly +	<u>\$0.19</u>
<b>Total prepaid</b>	<b>\$0.79 per month</b>
Less 2%	<u>-\$0.016</u>
<b>To Treasury</b>	<b>\$0.774</b>

- Q. How are multi line telephone systems ((MLTS) charged for the state and local surcharges?
- A. Both the state and local surcharges are applied line-per-line up to the first ten lines, after that, one surcharge is applied for each ten lines.
- Q. How do I figure out how much my surcharge is going to be?
- A. Funding projections that have been done are based on the population to device ratio statewide. With MLTS reduction, that ratio is .93 a device per person, rather than *known* numbers of devices in each county. If

your county currently collects landline surcharge, you should be able to calculate the number of landlines. After the act is passed, counties may be able obtain more accurate numbers from the wireless industry. (Protection from FOIA under SB 410). The current projections do not include the 2% for the communications providers' collection costs; please remember to take the 2% collection amount into account when creating your estimates. Projection sheets are provided to serves as a guide.

Q. What is the deadline for application to the MPSC?

A. Close of business Monday, September 17<sup>th</sup>, for electronic filing. Application that are incomplete or files after the deadline cannot be processes.

Q. What will happen if our surcharge is rejected?

A. Unless there is an indication of disallowable uses of 9-1-1 surcharge funds and any increases are within the statutory limits, rejection is not anticipated. However, in the event a surcharge is rejected, the county will not be ineligible to receive 9-1-1 surcharge. Rather, if the proposed amount generated more than the statutory limits and that overage is not substantiated, the rate will be adjusted to generate the allowable amount (2007 revenue plus 2.7%).

Furthermore, All decisions of the MPSC are appealable. First, a party can ask for a rehearing if they think the Commission either didn't consider all of the information, or misconstrued the information presented. If that fails, then any and all decisions can be appealed as described in MCL 462.26.

Additionally, in advance of the final application to MPSC, the State 9-1-1 Office will assist with pre-review of the applications that are received in advance and can make recommendations for any needed changes prior to MPSC.

Q. What if our county is not going collect the local 9-1-1 in January of 2008?

A. The Form ETSC-400A should be completed through the contact information section and a notation made as indicated on the form as to the intention of non-collection. Budgetary and revenue information is not required.

Q. If we do not want a surcharge enacted by the county board of commissioners, can we have an election in 2008 for one?

A. Yes, but the election will have to be held in time to notify the ETSC of the annual change by April 1, 2008. Surcharge collection will then start on July 1, 2008 and funds will be received the following quarter (October 2008).

Q. How often will we see our local 9-1-1 revenue checks?

A. Quarterly, you should expect to see your first check in April of 2008

Q. What about our State 9-1-1 fund distribution?

A. That will continue to be a quarterly distribution, however, you can expect to receive your wireless distributions for the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2007 in the same time frame as in past quarters.

Q. Will we have to change our 9-1-1 plans in order to receive the funds?

A. All counties that will be collecting the local surcharge will need make administrative findings to adjust their plans to reflect the new local surcharge. Template resolutions are provided as part of the initial surcharge application packet.

Additionally, based on a review of the 9-1-1 plans currently on file with the ETSC, most county 9-1-1 plans are in need of updating. The ETSC will work in 2008 to develop a model plan for the counties to use as a guide for updating their present plans.

Q. What will the initial resolution by the county commission need to include?

- A. Initially, counties will need to pass two resolutions:
- 1) A resolution under proposed 484.1312 (2) (C) to recognize the new surcharge as an amendment to the county 9-1-1 plan. (See Template Resolution #1). Or, if your county has already established administrative findings, a resolution updating the current administrative findings to reflect the new surcharge must be passed.
  - 2) A resolution establishing the monthly “per device” surcharge, the estimated amount of revenue generated, and the length of time that the collection will occur. (See Template Resolution #2).
- Q. When should we pass our resolutions?
- A. As soon as possible **AFTER** the legislation is enacted, but prior to September 15, 2007. A notice will be sent to all the county 9-1-1 coordinators and to Michigan Association of Counties (MAC) as soon as the legislation is enacted in order that prompt action can be taken by commissioners to put the resolutions in place. All other documents (as well as the proposed resolutions) required for initial surcharge filing should be submitted for pre-review as soon as possible.
- Q. How will communications providers be notified of the new surcharges?
- A. The State 9-1-1 Office will notify all known providers (VoIP, CMRS, prepaid, and telephone companies) of the new surcharges by November 1, 2007 in order to have them in place by January 1, 2008. After that, counties will be required to notify the ETSC by April 1<sup>st</sup> of each year of any changes. The ETSC (via the State 9-1-1 Office) will then provide notice to the communications providers of the new surcharges to be effective July 1<sup>st</sup>.
- Q. What will be the restrictions on the spending of 9-1-1 funds?
- A. The standards will be the same as they are now, 9-1-1 surcharge use is limited *exclusively* for the use of 9-1-1 services. Proposed MCL 484.1406 (1) gives rulemaking to MPSC with the advice and consult of the ETSC for standards of use in the future in regard to use of funds.
- Q. When will we know if our proposed new surcharges are approved?
- A. Under SB 410 the MPSC has until October 15<sup>th</sup>, 2007 to approve or reject proposed surcharges. If the MPSC does not act on a proposed surcharge by that date, it will be deemed approved. The State 9-1-1 Office will also send notice to all the counties of MPSC action and the surcharge listing for the counties.